

Senate Study Bill 3095 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON DANIELSON)

A BILL FOR

1 An Act providing for charitable food donations to food banks,
2 including by providing for appropriations and a tax credit
3 and including applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUBCHAPTER I

GENERAL

Section 1. NEW SECTION. 190B.101 Purpose.

The purpose of this chapter is to effectively and efficiently utilize Iowa's abundant supplies of nutritional food to relieve situations of emergency or distress experienced by individuals or families in need who reside in this state, including low-income individuals or families and unemployed individuals or families.

Sec. 2. NEW SECTION. 190B.102 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Federal emergency food assistance program" means the federal emergency food assistance program, as provided in 7 C.F.R. pts. 250 and 251.

2. "Food" means a substance which is used in whole or in part for human consumption in compliance with federal and state standards or requirements including a donated food that meets the requirements of the federal emergency food assistance program.

3. "Iowa emergency feeding organization" means a public or private nonprofit organization whose mission is compatible with the purpose of this chapter as provided in section 190B.101 and which includes an Iowa food bank or other organization that operates at a congregate nutritional site or that provides home-delivered meals in this state. An Iowa emergency feeding organization includes but is not limited to a food pantry, hunger relief center, or soup kitchen.

4. "Iowa food bank" means a private nonprofit organization which meets all of the following requirements:

- a. Its principal office is located in this state.
- b. It receives, holds, and directly or indirectly distributes food principally to Iowa emergency feeding organizations in a manner compatible with the purpose of this chapter as provided in section 190B.101.

1 to provide for the terms and conditions of the program's
2 management. A contract shall not obligate the state to pay
3 moneys for multiple fiscal years.

4 4. The department of agriculture and land stewardship,
5 the department of public health, and the department of
6 inspections and appeals shall cooperate with the department of
7 human services to administer the Iowa food-link to food-bank
8 initiative.

9 Sec. 5. NEW SECTION. 190B.203 Iowa food-link to food-bank
10 initiative — appropriation.

11 1. For the fiscal year beginning July 1, 2012, and ending
12 June 30, 2013, and for each subsequent fiscal year, there
13 is appropriated from the general fund of the state to the
14 department of human services the amount of two million dollars
15 to support an Iowa food-link to food-bank initiative to further
16 the purpose provided in section 190B.101.

17 2. The department of human services shall allocate
18 one million eight hundred thousand dollars of the amount
19 appropriated in subsection 1 to an Iowa food bank association
20 selected by the department as provided in section 190B.201 for
21 purposes of supporting the following programs:

22 a. An Iowa emergency food purchase program. The department
23 shall allocate one million seven hundred thousand dollars to
24 the association for the purchase of food on behalf of an Iowa
25 emergency feeding organization or for the distribution of
26 moneys to Iowa emergency feeding organizations for the purchase
27 of food.

28 (1) A preference shall be provided to the purchase of food
29 produced, processed, or packaged within this state whenever
30 reasonably practicable.

31 (2) The food shall be purchased in a manner that best
32 furthers a significant economic benefit to communities of this
33 state.

34 b. An Iowa emergency food nutritional education program.
35 The department shall allocate one hundred thousand dollars to

1 the association to distribute the moneys to one or more Iowa
2 emergency feeding organizations in order to provide instruction
3 regarding nutrition and promote a lifelong healthy diet.

4 3. The department of human services shall allocate two
5 hundred thousand dollars of the amount appropriated in
6 subsection 1 to an Iowa food bank association selected by the
7 department as provided in section 190B.202 for purposes of
8 administering the programs provided in that section.

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SUBCHAPTER III

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FROM FARM TO FOOD BANK DONATION TAX CREDIT

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Sec. 6. NEW SECTION. 190B.301 **Definitions.**

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As used in this subchapter, unless the context otherwise
13 requires:

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1. "*Agricultural land*" means the same as defined in section
15 425A.2.

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2. "*Department*" means the department of revenue.

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3. "*Food commodity*" means any commodity that is derived
18 from an agricultural animal or crop, both as defined in section
19 717A.1, which was produced on agricultural land and which is
20 intended to be used as food.

21

4. "*Owner of agricultural land*" or "*owner*" means the same as
22 "*owner*" is defined in section 425A.2.

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5. "*Tax credit*" means the from farm to food bank donation
24 tax credit as established in this subchapter.

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Sec. 7. NEW SECTION. 190B.302 **Department of revenue —
26 cooperation with other departments.**

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1. This subchapter shall be administered by the department
28 of revenue.

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2. The department shall adopt all rules necessary to
30 administer this subchapter.

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3. The department of agriculture and land stewardship, the
32 department of public health, the department of human services,
33 and the department of inspections and appeals shall cooperate
34 with the department of revenue to administer this subchapter.

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Sec. 8. NEW SECTION. 190B.303 **From farm to food bank**

1 **donation tax credit.**

2 A from farm to food bank donation tax credit is allowed
3 against the taxes imposed in chapter 422, divisions II and III,
4 as provided in this subchapter.

5 **Sec. 9. NEW SECTION. 190B.304 From farm to food bank**
6 **donation tax credit — eligibility.**

7 In order to qualify for a from farm to food bank donation tax
8 credit, all of the following must apply:

9 1. The taxpayer must be an owner of agricultural land on
10 which a donated food commodity is produced.

11 2. The owner must transfer title to a food commodity to an
12 Iowa food bank recognized by the department. The owner shall
13 not receive remuneration for the transfer.

14 3. *a.* The food commodity must be intended for human
15 consumption in its raw or processed state.

16 (1) A food commodity in its raw state for processing
17 includes but is not limited to milk, eggs, vegetables, fruits,
18 nuts, syrup, and honey.

19 (2) A food commodity in its processed state includes but is
20 not limited to dairy products, meat, or poultry products.

21 *b.* A food commodity cannot be damaged or out-of-condition
22 and declared to be unfit for human consumption by a federal,
23 state, or local health official. A food commodity that meets
24 the requirements for donated foods pursuant to the federal
25 emergency food assistance program satisfies this requirement.

26 4. A taxpayer claiming the credit shall provide
27 documentation supporting the tax credit claim in a form and
28 manner prescribed by the department by rule.

29 **Sec. 10. NEW SECTION. 190B.305 From farm to food bank**
30 **donation tax credit — claims filed by individuals who belong to**
31 **business entities.**

32 An individual may claim a from farm to food bank donation
33 tax credit of a partnership, limited liability company,
34 S corporation, estate, or trust electing to have income
35 taxed directly to the individual. The amount claimed by the

1 individual shall be based upon the pro rata share of the
2 individual's earnings from the partnership, limited liability
3 company, S corporation, estate, or trust.

4 Sec. 11. NEW SECTION. 190B.306 From farm to food bank
5 donation tax credit — limits on claims.

6 A from farm to food bank donation tax credit is subject to
7 all of the following limitations:

8 1. The tax credit shall not exceed a qualifying amount for
9 the tax year that the tax credit is claimed. The qualifying
10 amount is the lesser of the following:

11 a. Ten percent of the fair market value of the commodities
12 donated during the tax year for which the credit is claimed.

13 b. Five thousand dollars.

14 2. A tax credit in excess of the taxpayer's liability for
15 the tax year is not refundable but may be credited to the tax
16 liability for the following five years or until depleted,
17 whichever is earlier.

18 3. A tax credit shall not be carried back to a tax year
19 prior to the tax year in which the taxpayer claims the tax
20 credit.

21 Sec. 12. NEW SECTION. 422.11L From farm to food bank
22 donation tax credit.

23 The taxes imposed under this division, less the credits
24 allowed under section 422.12, shall be reduced by a from farm
25 to food bank donation tax credit as allowed under chapter 190,
26 subchapter III.

27 Sec. 13. Section 422.33, Code Supplement 2011, is amended by
28 adding the following new subsection:

29 NEW SUBSECTION. 29. The taxes imposed under this division
30 shall be reduced by a from farm to food bank donation tax
31 credit as allowed under chapter 190, subchapter III.

32 Sec. 14. APPLICABILITY. The provisions of this Act
33 providing for a from farm to food bank donation tax credit
34 applies to tax years beginning on or after January 1, 2013.

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EXPLANATION

1 GENERAL. This bill provides for charitable food donations
2 to food banks and other Iowa food banks and other emergency
3 feeding organizations that relieve situations of emergency or
4 distress experienced by individuals or families in need who
5 reside in this state.

6 IOWA FOOD-LINK TO FOOD-BANK INITIATIVE. The bill creates
7 an Iowa food-link to food-bank initiative administered by the
8 department of human services. Each fiscal year, moneys from
9 the general fund are appropriated to the department in order to
10 support several programs managed by an association representing
11 Iowa food banks. The programs include the purchase of
12 food, the improvement of food storage and distribution
13 infrastructure, and instruction regarding nutrition and diet.

14 TAX CREDIT — GENERAL. The bill establishes a from farm
15 to food bank donation tax credit against individual or
16 corporate income taxes. The tax credit may be claimed by
17 the owner of agricultural land eligible to claim a family
18 farm tax credit (Code chapter 425A) for raw or processed food
19 commodities produced on the agricultural land. The tax credit
20 is administered by the department of revenue.

21 TAX CREDIT — TAXPAYERS. The bill provides that the taxpayer
22 may claim a tax credit for 10 percent of the fair market value
23 of donated commodities up to \$5,000. The bill requires that
24 the commodities be suitable for human consumption. The bill
25 provides that the tax credit is not refundable but allows a
26 taxpayer to carry forward the tax credit for up to five years.
27 An individual may claim a tax credit of a partnership, limited
28 liability company, S corporation, estate, or trust electing to
29 have income taxed directly to the individual.

30 TAX CREDIT — APPLICABILITY. The tax credit applies to tax
31 years beginning on or after January 1, 2013.